

November 6, 1989

A PRO-FAMILY, PRO-GROWTH LEGAL IMMIGRATION POLICY FOR AMERICA

INTRODUCTION

For only the fourth time ever, Congress is restructuring America's legal immigration system.¹ This July the Senate passed the Immigration Act of 1989. It would increase slightly the number of foreign born admitted to the United States each year and place a greater emphasis on their skill and education levels as a condition of entry. Currently, 95 percent of U.S. immigrants are admitted on the basis of their family connections in the U.S. The House of Representatives began hearings on September 26 on immigration reform proposals and may pass a bill later this year.

Few issues are of such long-term consequence to the U.S. as deciding how many immigrants it should welcome and where they should come from. Today's immigrants and their children will influence America economically, demographically, and culturally well into the next century, just as previous waves of immigrants have shaped America distinctly in this century.

Long Overdue Changes. There is near universal agreement that the immigration system established by the 1965 Immigration Act no longer fully serves American economic and social policy objectives. In 1987, for example, U.S. firms were permitted to bring only about 25,000 highly skilled immigrant workers, including scientists, engineers, computer technicians, and business executives, into the 140 million-person U.S. workforce. Industry has

1 In 1986 Congress passed the Immigration Reform and Control Act (IRCA), which dealt with illegal immigration. The main components of this law are: 1) imposing penalties against employers who hire illegal immigrants, 2) granting amnesty to illegal immigrants in the U.S. prior to 1982, and 3) initiating a temporary guest worker program for U.S. agriculture.

requested about four times this number to fill skilled positions in domestic labor shortage occupations. Earlier this year Frank Kittredge, the President of the U.S. Foreign Trade Council, told Congress: "Increased admissions for employer-sponsored immigrants are critical for U.S. business."²

Although family-sponsored immigration is the cornerstone of current policy, it too has become increasingly constrained over the past 25 years. Tens of thousands of foreigners now are confronting waiting periods of over fifteen years to reunite with relatives in the U.S. These delays conflict with the pro-family values that the current system was supposed to promote.

Immigration to the U.S. is now heavily restricted by Congress. The U.S. accepts only about 600,000 immigrants and refugees per year, or roughly 2.5 entrants for every 1,000 U.S. residents.³ This is only one-half the nation's historical rate of immigration and one-tenth the rate in peak years at the turn of the century. The U.S. now has a smaller percentage of foreign born relative to its population than most industrialized countries — including Australia, Britain, Canada, France, and West Germany.⁴

A Small Step Forward. What America needs is a pro-family, pro-growth immigration policy for the 1990s. The centerpiece of immigration reform legislation, therefore, should be gradual immigration expansion. The Senate took a small positive step in this direction with its passage of the Immigration Act of 1989. The bill, S. 358, sponsored by Senators Edward Kennedy, the Massachusetts Democrat, and Alan Simpson, the Wyoming Republican, would allow roughly 630,000 immigrants to enter the U.S. each year, a modest increase over current law. It also would give higher priority to employer-sponsored immigrants, while creating new immigrant categories for foreign entrepreneurs investing in the U.S. and skill-based immigrants seeking to come to the U.S. independent of employer or family sponsorship. Adopting each of these reforms would benefit the U.S. economy.

The House, where three immigration reform bills are pending, should view the Kennedy-Simpson Bill as a springboard for more comprehensive reform. Under the Senate bill, delays in reuniting immigrant families would persist, if not lengthen, while thousands of productive and highly talented immigrants would continue to be denied entry. These remaining defects could be solved by raising immigration levels even further than proposed by the Senate bill.

2 Frank D. Kittredge, testimony before the Senate Subcommittee on Immigration and Refugee Affairs, Judiciary Committee, March 3, 1989.

3 About 75,000 of these newcomers were refugees. Refugees, including the tens of thousands of Soviet Jews and Central Americans who have petitioned to come to the U.S. and have dominated the news in recent months, are persons fleeing political persecution, and are admitted to the U.S. under an entirely separate laws than those for immigrants. Immigrants are almost all sponsored by family members already living in the U.S. or employers who need the technical skills of selected foreign born workers.

4 Charles E. Keeley, testimony before the Joint Economic Committee of the United States, hearings on "The Economic and Demographic Consequences of Immigration," May 21, 1986.

Loans for Refugees. Equally important, Congress must revise America's refugee admission policy to reflect the increasing demand from the Soviet Union, Indochina, and Central America. In a controversial ruling this summer, the Bush Administration declared that the U.S. can accommodate only 50,000 of the 150,000 Soviet Jewish emigrés who have petitioned to come to the U.S. this year.⁵ The Administration's reluctance to allow more refugees to come to the U.S. is attributable to the budgetary cost of admitting them. Under current law, refugees are entitled to about \$5,000 each in federal cash assistance. Many lawmakers have criticized the White House for taking a "heartless and niggardly approach to the problem."

A middle ground can be reached, which would open the door to refugees and benefit U.S. taxpayers. The U.S. could accommodate many more refugees fleeing persecution by terminating cash assistance programs for these newcomers, and instead, lending them money to cover resettlement costs for their first two years in America. In this way, the refugee resettlement program could become self-financing. Loan repayments from previous refugees would be used to provide loans for new waves of refugees. More could enter the U.S., and the taxpayer cost for refugee programs would shrink.

REGULATING IMMIGRATION

For the nation's first century, America had virtually an open-door immigration policy, excluding only paupers and convicts.⁶ Congress imposed immigrant restrictions for the first time in 1882, with the passage of the Chinese Exclusion Act, keeping out most Asian groups. It was not until the 1920s, however, after two decades of immigration of more than one million entrants per year, that the U.S. first began to regulate the overall flow of immigrants. The Quota Law of 1921 instituted what became known as "the national origin system," which established per country visa limits that heavily favored immigrants coming from northwestern Europe, while restricting entry from Asia.⁷

This national origin preference system, which was widely criticized for promoting ethnic favoritism, lasted for more than 40 years until the quotas were abolished by the Immigration Act of 1965. National quotas were replaced with a preference system, giving priority to immigrants with family

5 Douglas Seay, "Why Is George Bush Closing the Door on Soviet Refugees?" Heritage Foundation *Executive Memorandum* No. 251, September 19, 1989.

6 For a concise history of U.S. immigration laws, see Barry R. Chiswick, "Immigrants and Immigration Policy," in William Fellner, ed., *Contemporary Economic Problems* (Washington, D.C.: American Enterprise Institute, 1978), pp. 285-324.

7 Although the quotas were periodically revised, under the original law each country's visa allocation was limited to 3 percent of the number of foreign born persons living in the U.S. from that country as measured by the 1920 census. Under this law, for instance, 350,000 of the 358,000 visas went to Europeans, while China was granted, in one year, 105 visas.

members already in the U.S. Under this program of family reunification, the pillar of today's current immigration policy, an unlimited number of immediate family members — defined as spouses, parents, and children — can immigrate to the U.S. In addition, a complex preference system allocates 216,000 visas each year for immigrants with less immediate kinship ties, such as adult brothers and sisters of American citizens. Finally, 54,000 visas are reserved each year for workers in "labor shortage" occupations.⁸

WHY AMERICA NEEDS IMMIGRATION REFORM

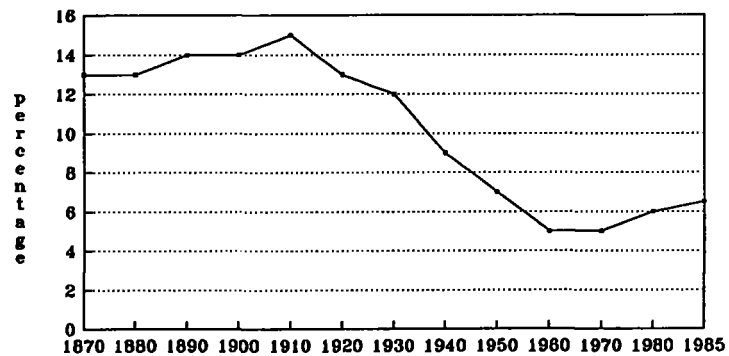
The 1965 Immigration Act system of preferences for family and employer-sponsored immigrants continues to be a sound framework for U.S. immigration policy. In the past quarter century, however, the 1965 Act has developed several defects. Among them:

1) U.S. Immigration Policy Has Grown Restrictive.

Some Americans apparently feel that the U.S. is now accepting unprecedented numbers of immigrants. In fact, the nation now has a far more restrictive immigration policy than it had for most of its past. The U.S. now accepts roughly 600,000 immigrants each year. By contrast, at the turn of the century the U.S. routinely accepted more than one million immigrants annually. Even including the net flow of illegal immigrants each year, which has been estimated by the Census Bureau to be about 200,000 to 300,000, the total level of immigration is still below peak levels.⁹

More important, immigration is far below peak years when measured in the more relevant terms of a percentage of the U.S. population. This is generally regarded as the most useful gauge of a nation's ability to absorb immigrants into its labor force, its

Figure 1
Foreign Born
U.S. Population



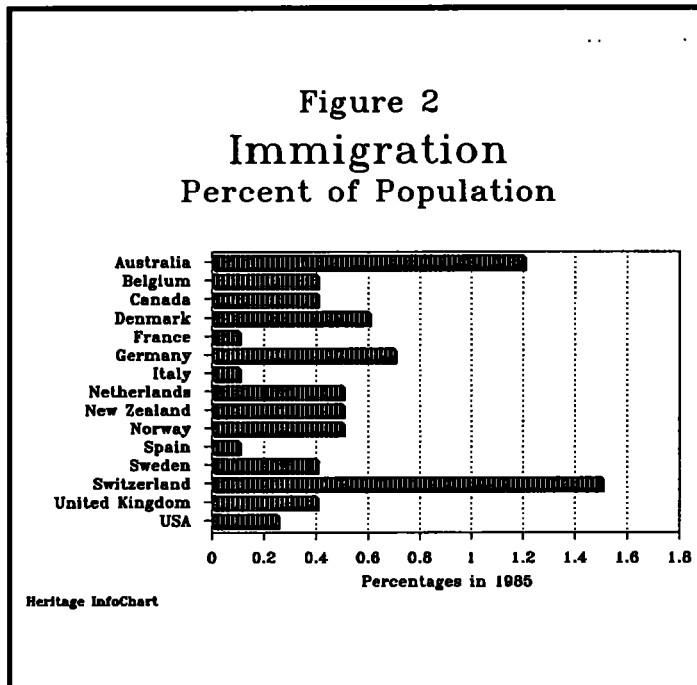
Heritage InfoChart

⁸ About half of these 54,000 visas go to the immediate family members of these skills-tested immigrants.

⁹ John G., Keane, Director, Bureau of the Census, testimony before the Joint Economic Committee of the United States, hearings on "The Economic and Demographic Consequences of Immigration," May 21, 1986.

physical infrastructure, and its existing social/cultural environment. The U.S. in the 1980s has admitted roughly 2.5 immigrants for every 1,000 residents. The average immigration rate over the past 100 years is over twice this high — or 6 immigrants for every 1,000 residents. Furthermore, the percentage of U.S. citizens who are foreign born is also far below historical levels, as shown in Figure 1.

The U.S. is now less affected by immigrants than are most other Western industrialized nations. Figure 2 shows that many countries, which are thought to have homogenous populations, actually accept a larger percentage of immigrants than does the U.S.



2) U.S. Immigration Policy Deprives the Nation of Highly Skilled Immigrants.

Recent, although controversial, research suggests that the skill and education levels of America's newest immigrants have fallen compared to immigrants who entered the U.S. in earlier periods.¹⁰

One study, by immigration economist Barry Chiswick of the University of Illinois-Chicago, attributes this decline in the economic

performance of recent arrivals to the predominance of family-sponsored immigration. He writes:

Immigrants who come under kinship preferences rather than occupational preferences seem to do less well. They have less schooling and they do less well in the U.S. labor market even when schooling level is held constant than the immigrants who are brought in because they themselves are skills tested.¹¹

10 George J. Borjas, "Assimilation, Changes in Cohort Quality, and the Earnings of Immigrants," *Journal of Labor Economics*, Vol. 3, No. 4, 1985, pp. 463-489; and Barry R. Chiswick, "Is the New Immigration Less Skilled Than the Old?" *Journal of Labor Economics*, Vol. 4, No. 2, 1986, pp. 168-192.

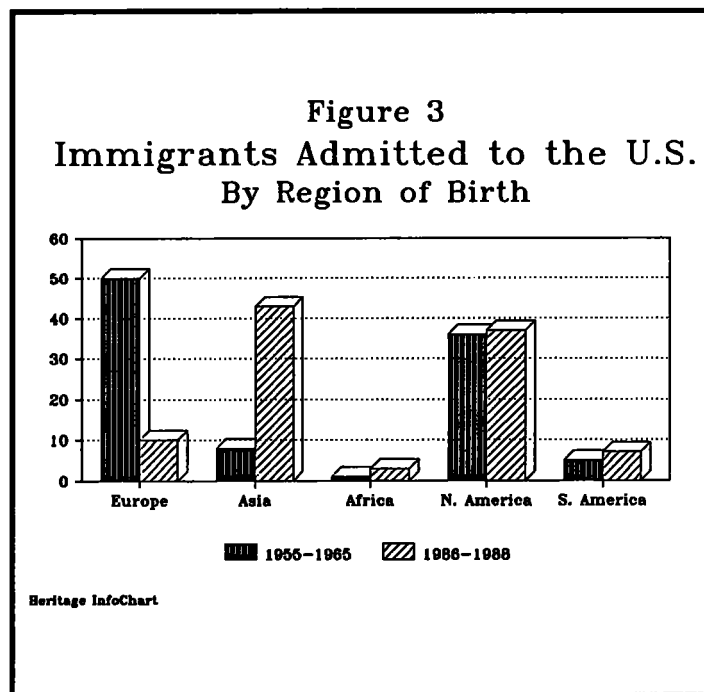
11 Barry R. Chiswick, testimony before the Joint Economic Committee of the United States, hearings on "The Economic and Demographic Consequences of Immigration," May 22, 1986.

Reuniting Families. Yet, long before the family preference system was formally adopted in 1965, a large share of immigrants came to the U.S. to reunite with family members. Family immigration thus is not new. What is new and at least partially explains the lower earnings of recent immigrants is that many of the highest skilled immigrants from around the world who traditionally have come to the U.S. now find the nation's gates closed to them.

A 1981 presidential blue-ribbon panel known as the "Select Commission on Immigration and Refugee Policy" complained of the barriers confronting skilled immigrants: "The low priority accorded nonfamily immigrants and a cumbersome labor certification process...has made it difficult for persons without previous family ties in the U.S. or extensive training and skills to immigrate here."¹² The problem is worsening: in 1987, only 24,000 (or 4 percent) of the 602,000 immigrants were admitted to the U.S. on the basis of their personal skills and education. In contrast, 25 percent of Canada's immigrants are skill tested, and almost 50 percent of Australia's are.¹³

3) U.S. Immigration Policy Limits Ethnic Diversity.

One objective of the nation's immigration policy should be to encourage ethnic diversity among those coming to the U.S. Yet, Europeans and Africans have been largely shut out of the immigration process because they lack family connections in the U.S. Figure 3 compares the percentage of immigrants to the U.S.



12 Report of the Select Commission on Immigration and Refugee Policy, Executive Summary, 1981.

13 Julian L. Simon, "Getting the Immigrants We Need," *The Washington Post*, August 3, 1988.

who have come from each region of the world prior to and after enactment of the 1965 Immigration Act. The proportion from Europe has declined from 52 percent prior to the 1965 Act to just 10 percent over the past three years.

Many Americans mistakenly believe that European immigrants have been replaced with a huge influx of Latin Americans, particularly Mexicans.¹⁴

Figure 3, however, shows that the share of immigrants from North and Central America today is virtually unchanged from the 1950s and 1960s. The dramatic shift in immigrant origins has been from Europe to Asia. Today the U.S. accepts the same number of immigrants from the Philippines and the Republic of China on Taiwan as it does from the entire continent of Europe.¹⁵

ECONOMIC AND SOCIAL IMPACT OF IMMIGRANTS

Before Congress can establish a pro-family, pro-growth immigration policy, it must know what impact immigrants have on the nation's economy and social fabric. Most research has found that immigrants benefit U.S. citizens economically and socially.¹⁶

A 1986 survey of thirty of America's most distinguished economic scholars found that eight out of ten polled believe that 20th century immigration has had a "very favorable effect on the nation's economic growth."¹⁷ Today, a disproportionate share of America's Nobel Prize winners, high school valedictorians, inventors, Ph.D. scientists and engineers, and business entrepreneurs are foreign born.¹⁸ The U.S. Council of Economic Advisers concluded its 1986 study of the economic impact of immigrants: "For much of

14 Immigration from Mexico is not currently at high levels. A 1988 General Accounting Office report notes that "there were fewer immigrants from Mexico in 1985 than in 1972." In general, migration flows from Mexico have been quite stable in this century. U.S. General Accounting Office, "Immigration: The Future Flow of Legal Immigration to the United States," 1988.

15 America's recent Asian immigrants have been remarkably productive citizens. Studies by the U.S. Census Bureau and the Rand Corporation suggest that recent Asian immigrants are the most highly educated, skilled, and economically successful immigrant group the U.S. has ever had. See Kevin McCarthy and R.B. Valdez, "Current and Future Effects of Mexican Immigration in California" (Santa Monica, California: Rand Corporation, 1986); Constance Holden, "Debate Warming Up on Legal Migration Policy," *Science*, July 15, 1988, pp. 288-290.

16 A comprehensive review of studies on the economic benefits of immigration is contained in Julian L. Simon, *How Do Immigrants Affect Us Economically?* Center for Immigration Policy and Refugee Assistance, Georgetown University, 1985. For an examination of the social/cultural consequences of the "new immigrants," see James Fallows, "Immigration: How It's Affecting Us," *The Atlantic Monthly*, November 1983, pp. 45-106.

17 Stephen Moore, "Social Scientists' Views on Immigrants and U.S. Immigration Policy: A Postscript," *Annals of the American Academy of Political and Social Sciences*, September 1986, pp. 213-217.

18 Roy Lerner, "Numbers, Origins, Economic Value and Quality of Technically Trained Immigrants into the United States," *Scientometrics*, Vol. 6, No. 4, 1983, pp. 243-259.

the Nation's history, U.S. immigration policy has been based on the premise that immigrants have a favorable effect on the overall standard of living and on economic development. Analysis of recent migrant flows bears this out."¹⁹ Added former U.S. Ambassador to the United Nations Jeane Kirkpatrick during the 100th Anniversary of the Statue of Liberty: "What gives resonance to our Republic is its continual renewal by new citizens who bring to us a special sense of the importance of freedom."²⁰

Careful research discredits most of the common objections to immigrants: that they take jobs from American workers and drive down their wages; that they strain the nation's natural resources and infrastructure; that they are welfare abusers; and that they fail to integrate into American society.²¹ On balance, whether they come to reunite with families in the U.S., to fill skill gaps in the U.S. labor market, or to start new businesses, immigrants are valuable assets, not liabilities, to the nation.

Labor Market Impact of Immigrants

Immigrants do not just take jobs, they create jobs through their consumption, their propensity for starting new businesses, and their contribution in keeping U.S. businesses internationally competitive.

The U.S. Department of Labor this year completed an exhaustive study on the effects of immigrants on job opportunities and wages for native-born Americans. The study concludes: "The presence of immigrants in the U.S. labor market benefits employers, consumers and the U.S. international economic position....Neither U.S. workers nor most minority workers appear to be adversely affected by immigration — especially during periods of economic expansion such as those we have been experiencing in recent years."²²

Increasing Workers' Income. The U.S. Council of Economic Advisers reached a similar conclusion in its 1986 analysis of the impact of immigrants. The report finds: "Arguments supporting the restriction of immigration to protect American jobs are similar to those favoring protectionism in international trade. Limiting the entry of immigrant labor may increase the demand for some groups of native-born workers, but it will impose costs on consumers, investors and other workers." The report emphasized that "the

19 U.S. Council of Economic Advisers, "The Economic Effects of Immigration," *The Economic Report of the President*, 1986, pp. 213-232.

20 Jeane Kirkpatrick, "We Need the Immigrants," *The Washington Post*, June 30, 1986, p. A-11.

21 These objections are enumerated in: Richard Lamm and Gary Imhoff, *The Immigration Time Bomb: The Fragmenting of America* (New York: Truman Talley Books, 1985).

22 U.S. Department of Labor, *The Effects of Immigration on the U.S. Economy and Labor Market*, Immigration Policy and Research Report #1, 1989.

net effect of an increase in labor supply due to immigration is to increase the aggregate income of native workers."²³

Impact on Taxes and Public Services

Immigrants generally come to the U.S. to work and improve their economic condition, not to collect welfare. A 1985 study by Ellen Sehgal, of the U.S. Bureau of Labor Statistics, examines Census Bureau data to compare the use of public assistance by the U.S. native-born population with that by the foreign-born who entered the U.S. before 1982. Sehgal finds that, contrary to what seem to be widespread perceptions, "the foreign-born do not seem more likely than the U.S. born to be recipients of government benefits."²⁴ Indeed, the share of foreign-born collecting public assistance — including unemployment compensation, food stamps, Supplemental Security Income, and Aid to Families with Dependent Children (AFDC) — was 12.8 percent versus 13.9 percent for the native born.

After about fifteen years in the U.S., immigrants' earnings generally exceed those of native-born workers. The result: most immigrant cohorts pay more in taxes over their lifetime than they receive in government benefits, thus resulting in a net fiscal benefit to the U.S. Treasury. One study has estimated that the average immigrant pays \$12,000 to \$20,000 (in 1975 dollars) more in lifetime taxes than he or she receives in government benefits.²⁵ The biggest fiscal windfall to U.S.-born citizens is through the large contributions immigrants make to the Social Security system. Immigrants pay Social Security taxes during their working life, even though they do not have parents who are collecting benefits, thus causing a one-time windfall to the retirement system's trust fund. By the time the immigrants collect Social Security themselves, their children are paying into the system.

Public Assistance for Refugees

Because of the large recent influx of Soviet Jews to the U.S., much public attention has been focused on the taxpayer cost of admitting refugees. Unlike economic immigrants, who must prove that they are "not likely to become a public charge" before they can come to the U.S., refugees are, under current law, entitled to about \$5,000 in public assistance. These costs cover such short-term readjustment expenses as transportation to the U.S., English language training, job placement, medical checkups, and access to U.S. public aid programs.

23 U.S. Council of Economic Advisers, "The Economic Effects of Immigration," *The Economic Report of the President*, 1986, pp. 213-232.

24 Ellen Sehgal, "Foreign Born in the U.S. Labor Market: The Results of a Special Survey," *Monthly Labor Review*, July 1985, pp. 18-24.

25 Julian L. Simon, *op. cit.*, p. 15.

Paying More Taxes. Yet, as with immigrants, refugees make rapid economic progress within a few years in the U.S. A 1984 study by the Church World Service, called "Making It On Their Own," examined the economic progress of 4,500 recent Indochinese refugee families. The study found that, after three years in the U.S., only 7 percent were collecting AFDC or other cash assistance, and less than 20 percent were collecting food stamps.²⁶ A study by Rita Simon on Soviet Jewish refugees and immigrants, concluded that, after only two years in the U.S., these newcomers were contributing more in taxes than they were collecting in public benefits.²⁷

Given the economic success of most refugees coming to the U.S., Congress should stop treating new Americans as welfare recipients and should consider converting federal refugee resettlement aid programs into a loan program. Instead of giving each refugee the \$5,000 in readjustment services, that amount would be loaned to the refugee. Modeled after the college student loan program, the refugees would be entitled to a low interest federal loan or loan guarantee for their first two years in the U.S. They would be expected to pay back this money after five years in the U.S., provided their income had risen above 120 percent of the poverty level. Loan repayments would be placed in a fund to finance new waves of refugees. This program would reduce, or even eliminate entirely, the budgetary cost of refugee resettlement programs and thereby provide more room in America for refugees fleeing persecution.

Regional Impact of Immigrants

One legitimate concern about immigration is that cities and counties that attract large numbers of immigrants may bear a greater burden than the rest of the nation in assimilating these newcomers and absorbing them into the labor force. Even here, however, studies find that the residents of local areas with a heavy influx of immigrants mostly benefit from these newcomers.

What may be the most comprehensive study on the economic effects of immigration is entitled, *The Fourth Wave: California's Newest Immigrants*, conducted by the Urban Institute in 1985. It investigated the effects of immigrants between 1970 and 1980 on the Los Angeles economy.²⁸

The study finds that black unemployment rates were not raised, and if anything were lowered, by the influx of Mexicans. For Los Angeles consumers, Mexican immigration meant lower prices for many goods and services and less inflation than the nation as a whole. Despite the 220,000 new Mexican immigrant households that entered Los Angeles during the 1970s, unemployment rates in the city fell more than the national average,

26 Church World Service, "Making It on Their Own: From Refugee Sponsorship to Self Sufficiency," New York, 1983.

27 Rita J. Simon, *New Lives: The Adjustment of Soviet Jewish Immigrants in the United States and Israel* (Lexington, Massachusetts: Lexington Books, 1984).

28 Thomas Muller and Thomas Espenshade, *The Fourth Wave: California's Newest Immigrants* (Washington, D.C.: The Urban Institute Press, 1985).

and per capita income rose faster than the national average from 1970 to 1980. Nearly one-quarter of the jobs filled by Mexicans would have disappeared or never materialized if the immigrants had not filled them.

In New York City, which has an estimated two million foreign born living in its metropolitan area, the economic consequences of immigration have been similarly positive. According to research by the City of New York's Office of City Planning, the foreign born in New York are less likely to collect public assistance, less likely to commit crimes, more likely to be in the labor force, and no more likely to be unemployed than U.S.-born residents (see Table). The report concludes: "New York City seems well able to absorb immigrants at the rate at which they are now entering the city. There seems to be room for them in the job market, in the institutional structure, and in the infrastructure....Immigrants do pose some problems to this city, but the balance is unquestionably favorable."²⁹

**Comparison of Economic and Social Statistics
of U.S.-Born and Foreign-Born in New York City
1980**

	U.S.-Born	Foreign-Born
Labor Force Participation		
Males	87.1	90.5
Females	60.9	61.9
Unemployment Rate		
Males	7.0	6.2
Females	6.6	7.6
Percent Receiving Public Assistance	13.3	7.7
Percent of Crimes	87.3	12.7
Percent of Population	76.4	23.6

Are Immigrants Integrating?

At one time or another in this century, American citizens have complained about the influx of new immigrants – the Italians, Irish, Jews, Chinese,

²⁹ Elizabeth Bogen, testimony before the Joint Economic Committee of the United States, hearings on "The Economic and Demographic Consequences of Immigration," May 29, 1986.

Cubans, and others.³⁰ The typical charge has been that the newcomers have not integrated. Predictably, this is the criticism of today's "new immigrants": Hispanics and Asians.

Notable Success. The fact is that immigrants seem to adapt remarkably well to America. Typical seems to be the message of a *Washington Post* news story this summer:

Thirteen of the 17 valedictorians in Boston public high schools this year are foreign-born, the highest number officials can remember.

They come from around the world, including from China, Vietnam, Portugal, El Salvador, France, Italy, Jamaica, and Czechoslovakia. Some arrived only in the last five years, most could not speak English when they arrived. School officials attributed the high percentage to an influx of immigrants and the motivation of children who had to overcome tremendous obstacles just to get into the U.S.³¹

The rise of Asian and Hispanic ethnic urban neighborhoods, also has raised concerns about immigrant integration patterns. The charge is made that these ethnic enclaves insulate immigrants from the American mainstream and are socially fractious. Yet for most of this century, immigrants have tended to settle in ethnic neighborhoods in major U.S. cities without impeding the acculturation process. In fact, according to the 1989 U.S. Labor Department study on the new immigrants, these strong community and family ties act as a social and economic safety net for newly arrived immigrants. The report finds: "Although not uncontested in the literature, it appears that the larger, more successful, and better organized the ethnic community, the smoother the newcomer's entry into the labor market, and the better the prospects for upward economic mobility."³²

Fluent in English. By far the most common criticism of the post-1965 Act immigrants, particularly the Hispanics, is that they do not learn English. If true, this is not good for the U.S., because it spawns ethnic divisiveness, and it is not good for the immigrants, because it severely constrains their upward economic mobility.³³

But immigrants, in fact, are learning English. The 1980 Census revealed that 98 percent of U.S. residents speak English "well," the highest percentage

30 Rita J. Simon, *Public Opinion and the Immigrant* (Lexington, Massachusetts: Lexington Books, 1985).

31 *The Washington Post*, June 23, 1989.

32 U.S. Department of Labor, *The Effects of Immigration on the U.S. Economy and Labor Market*, *op. cit.*, p. 154.

33 F.L. Rivera-Batiz, "English Language Proficiency and the Economic Progress of Immigrants in the U.S.," Paper presented at the U.S. Department of Labor Conference on Immigration, Washington, DC, 1988.

since records have been kept. A 1988 study by the Hispanic Policy Development Project examined the English proficiency of Spanish-speaking immigrants and found that "some 75 percent of the immigrants are speaking English on a regular daily basis by the time they have been in the country for 15 years."³⁴

More important, even when first generation immigrants attempt to preserve their language, almost all children of immigrants speak English. A 1985 study by the Rand Corporation on Mexicans in California examined the education levels, rate of economic advancement, and knowledge of English of first, second, and third generation Mexican-Americans. Although these Mexican immigrants, in contrast to most Asian migrants, generally have limited English ability, their children are bilingual, and their grandchildren speak fluent English (while only about half have Spanish proficiency). The study notes that this has been the classic language adoption pattern of immigrants since non-English speaking Europeans first started coming to the U.S. The Rand study concludes: "Mexicans are not fostering a separate society; they are integrating into the state's society exactly as other immigrants have done."³⁵

CHARTING A PRO-FAMILY, PRO-GROWTH IMMIGRATION POLICY

In crafting a new legal immigration policy for the U.S., Congress must delicately balance several competing national objectives. These traditionally have included:

- 1) Reuniting families separated due to migration.**
- 2) Attracting immigrants who will make strong economic contributions.**
- 3) Preserving America's social/cultural diversity.**
- 4) Reserving the right as a sovereign nation to be selective and to exclude some immigrants.**

Congress took an important first step in meeting these immigration policy goals when the Senate passed the Kennedy-Simpson immigration bill this July. The key features of the bill are:

- 1) Raising the national level of nonrefugee immigrants to 630,000 per year, slightly more than under current law.**
- 2) Tripling the number of skill-based immigrants from 54,000 to 150,000 per year. These immigrant visas would be reserved for immigrants with "exceptional abilities in the sciences, arts or business," employer-sponsored immigrants, and "selected immigrants." This last category would admit**

³⁴ Calvin Veltman, *The Future of the Spanish Language in the United States*, Hispanic Policy Development Projects, 1988.

³⁵ K.F. McCarthy and R.B. Valdez, *Current and Future Effects of Mexican Immigration in California* (Santa Monica, California: Rand Corporation, 1985).

54,000 immigrants each year through a point system that gives immigrants a score based on their age, occupation, and education level.

3) Establishing a new investor immigrant program. This would allow 6,800 entrepreneurs to immigrate to the U.S. each year, provided that each invested \$1 million in a new U.S. business and created ten new jobs. Some 2,000 of these visas would be reserved for immigrants who invested \$500,000 in "rural and disadvantaged areas."

Although an improvement over current law, the Kennedy-Simpson Bill falls short of the comprehensive reforms needed to modernize U.S. immigration policy. The Senate bill's overall ceiling on immigration still falls far below projected U.S. skilled labor needs for the next decade. Although it preserves the current family preference structure, the bill does nothing to reduce the waiting period for immigrants who, since the early 1970s, have sought to join their families in the U.S. Many African and European countries, moreover, would continue to be largely excluded from the U.S. immigration process.

RECOMMENDATIONS

While building on the positive features of the Senate bill, the House should consider the following reforms:

1) Raise annual immigration levels gradually.

Although portrayed as "pro-immigration," the Kennedy-Simpson bill would raise immigration levels by an almost imperceptible amount: from 2.5 to 2.8 immigrants annually per 1,000 American citizens. Given the economic and social/cultural contributions of immigrants, the U.S. would benefit by raising immigration quotas to a higher level. The case for increasing immigration is particularly strong in light of foreseeable U.S. demographic trends that indicate a dangerous skilled-labor shortage. This year the U.S. Department of Labor forecast that the nation will create nearly 30 million new jobs before the year 2000 — a 19.2 percent increase. At the same time, the size of the labor force is expected to expand by only 17.8 percent.³⁶ The shortage will be especially acute in skilled occupations. As many as half a million new engineering jobs are expected to go unfilled because U.S.-born citizens will lack the technical training to fill them. Without the immigration of skilled workers, U.S. firms may be forced to move their top research facilities abroad. Finally, because most immigrants come to the U.S. during the start of their working life, immigration is one of the few methods of reversing the "graying of America's workforce" and its attendant economic problems.

³⁶ U.S. Department of Labor, *Labor Market Shortages*, January 1989, p. 4.

2) Abandon the concept of an inflexible immigration ceiling.

Some members of Congress, led by Senator Simpson of Wyoming, want to establish an overall annual immigration ceiling. If they succeeded, it would be the first such ceiling in the nation's history. Such an inflexible ceiling would make it difficult for policy makers to adjust immigration levels to changing economic and political circumstances in the U.S. and the rest of the world. Furthermore, a cap effectively could eliminate several important categories under which immigrants are and should continue to be admitted. As immigrants entering through unlimited categories, such as immediate family members of U.S. citizens, increased over time, other important immigrant sources, such as skill-based immigrants, would have to compete for the shrinking number of remaining visas.

3) Expand the Family Preference System.

An essential element of a pro-family immigration bill is to preserve the family reunification program. Long before the kinship preference system was formally adopted in 1965, immigrants came to the U.S. in family groups or to join family members who had come before. The U.S. rightly encourages family-sponsored immigration because the nation has always relied on the family as the primary unit for promoting social values among its citizens. For newly arriving immigrants, the family and broader ethnic community serve as an essential social safety net, which assists these newcomers in quickly becoming productive citizens. Allowing families separated through international migration to reunite in the U.S. is also a central element of a humanitarian immigration policy.

Some proposals in Congress, however, would reduce the number of family preference visas to offset an increase in skill-based immigrants. Support for this is based on the false premise that the family preference system has fostered "chain migration," where one immigrant presumably eventually pulls in as many as 25 relatives, including adult brothers and sisters, cousins, nieces, uncles, and in-laws. The truth is, however, according to a General Accounting Office report last year, that "massive chain migration is generally not occurring."³⁷ And, adds the report, two-thirds of immediate relatives entering the U.S. each year have been sponsored not by earlier immigrants, but by native-born Americans.

Fifteen Year Wait. Family immigration is too constrained, rather than too generous, under current law. The backlog of immigrants waiting to come to the U.S. each year is now 2.3 million, up from 1 million in 1980. Most of these immigrants are waiting, some for as many as fifteen years, to reunite with family in the U.S. These waiting periods could be shortened by increasing visas for immigrants arriving through the family preference system from 216,000 to 300,000 per year.

37 U.S. General Accounting Office, "Immigration: The Future Flow of Legal Immigration to the U.S.," 1988.

4) Increase employer-sponsored immigration.

The most efficient method of attracting highly skilled workers to the U.S., without displacing American workers, would be to expand the employer-sponsored immigrant program. Under this program, the employer must certify with the Department of Labor that there will be "no adverse effect on the wages and working conditions of other U.S. workers."

Nevertheless, U.S. employers often must wait up to five years and pay up to \$10,000 in attorneys' fees before they can transfer foreign workers to the U.S. Frank Kittredge, President of the Foreign Trade Council, a group of U.S. businesses involved in international trade, complains that the current process for bringing skilled workers to the U.S. is characterized by "inflexibility, delay, and an absence of predictability." Adds Kittredge:

American companies have for many years sent select personnel abroad to fill managerial and technical positions in their foreign operation, and these international transfers have usually been handled expeditiously by host countries eager to assure successful projects leading to improved local employment and enhanced economic activity.... Ironically, when U.S. companies need to bring foreign personnel to the United States to maintain a competitive position in a particular field, they do not have the opportunity to make similar expeditious transfers of personnel.³⁸

The Senate immigration bill roughly would double the number of visas for business-sponsored immigrants. Only in the short term, however, will these numbers meet even modestly the dynamic labor needs of U.S. firms competing in global markets. As international trade continues to expand, so will the needs of firms to recruit foreign workers with knowledge of overseas markets. A better long-term policy would be to allow the ceiling on employer-sponsored immigrants to fluctuate each year, so the supply meets demand. Firms, moreover, should be assured of never having to wait more than eighteen months to transfer a technically skilled immigrant worker to the U.S.

5) Launch a new investor immigrant program.

The single most beneficial feature of the Kennedy-Simpson Bill is the creation of an investor immigrant program. Yet, here again, the Senate bill does not go far enough. It would permit up to 6,800 entrepreneurs to come to the U.S. each year if they started a new business in the U.S. and employed at least ten Americans. Of these visas, 2,000 would be reserved for immigrants investing at least \$500,000 in a new enterprise in a rural or economically depressed area of the nation. There should be no numerical limitation,

38 Kittredge, *op. cit.*

however, on the number of job-creating immigrants willing to start new businesses in distressed areas of the U.S. Furthermore, the size of the investment required should be lowered to \$100,000, which the Small Business Administration finds is the typical start-up cost of a new business.³⁹ This would open the program to more prospective small business investors and defuse criticism that this program is only for the wealthy.

Such a program would generate new jobs for Americans. Canada, for example, has had a highly successful investor immigrant program since the early 1980s. The result: Last year alone some 4,000 entrepreneurs created 15,000 new jobs and \$2 billion in business investment in Canada.⁴⁰ These businesses included manufacturing, textiles, computer services, real estate development, and financial services: These are precisely the kinds of ventures needed by America's economically depressed areas.

6) Create a category of skill-based "independent immigrants," allotting each region equal number of visas.

The U.S. should allow 100,000 immigrants per year to come to the U.S. independent of family or employer sponsorship. These independent immigrants would be chosen through a point system measuring their personal attributes, including age, education, work experience, and education level, as in the criteria in the Kennedy-Simpson immigration bill. Yet unlike the Senate bill, which essentially establishes a random lottery system that would include all minimally qualified immigrants, the U.S. would select immigrants with the highest point score each year from each region of the world. Example: Africa, Asia, Europe, North America, and South America could be allotted 20,000 of these visas each, thus ensuring greater ethnic/cultural diversity than under the current immigration policy or the Senate plan. This program would increase the number of highly productive immigrants coming to the U.S. while ensuring ethnic diversity.

CONCLUSION

Congress now has the opportunity to craft an immigration policy at once more humane and more economically sensible than the now obsolete 1965 Immigration Act. Raising U.S. immigration quotas would not prompt an unprecedented surge in new arrivals. Increasing immigration to 800,000, for instance, would mean the entry of just three immigrants each year for every 1,000 Americans. This is far from an open-door policy and far below the historical average of six per 1,000 residents. But it would allow tens of thousands of immigrants to reunite with their families sooner, help U.S.

39 According to a 1984 National Federation of Independent Business survey of 2,500 small businesses, 90 percent started with capital requirements of less than \$100,000. A \$500,000 start-up investment requirement thus seems well beyond the norm for the vast majority of newly formed American firms.

40 Demetrios G. Papademetriou, "The Canadian Immigrant-Selection System: A Technical Report," draft report, October 1988.

industry attract needed skilled labor, and open America's doors to immigrant entrepreneurs wishing to start new businesses.

Solid Citizens. Today, as in much of the nation's past, Congress faces intense pressure from a wide range of special interest groups to close America's gates. Such a policy shift would be a mistake. Although Congress should remain careful to keep out such undesirables as criminals and those who would become a public charge, many productive immigrants who would make solid citizens are shut out under the current system. This could be corrected by a new immigration act.

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